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## STATE SCHOOL AID UPDATE

Michigan Department of Education

March 2006  
Vol. 14 No. 6

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### STATE SCHOOL AID DATA UPDATED FOR MARCH

The March state school aid payment is the 6<sup>th</sup> payment of the year and reflects 54.54% of the year's allocation for Sections 22a, 51c, and 22b as well as for most categoricals. Prior year adjustments are made at 100% in a single payment. The payment will post at the districts' banks on Monday, March 20, 2006.

**Taxable value** figures used to calculate the March payment represent the tax year 2005 values provided by the county treasurers via the web-based taxable valuation collection process. These data can be viewed by school district personnel on the Department's website. The URL is <http://mdoe.state.mi.us/taxvalue>. Any revisions to taxable values received prior to March 1, 2006 were incorporated into the payment calculation. To view your data click on "Public Access," and then choose your district code and the appropriate tax year from the drop down menu.

Now that the taxable valuation collection process is web-based, county treasurers can make revisions to the reported values at any time. At a minimum, we request that they revise the values on the same schedule that values were reported to the Department under the paper collection process (DS-4410). That means that county treasurers should now report the taxable valuations as of the date that they settled with the local unit treasurers. Letters to the treasurers requesting that they report those values, if they haven't already reported, will be sent to the treasurers soon. The settlement numbers will have value changes from the July and December Boards of Review as well as any other changes since the fourth Monday in May 2005. Districts may want to contact their county treasurers as well to encourage them to report the revised values.

Questions concerning the taxable value figures should first be directed to the appropriate county treasurer.

The **membership blend** used to calculate the March payment incorporated all Single Record Student Database (SRSD) pupil (FTE) counts released to the Department as of March 1, 2006, the date the department downloaded the pupil counts from the Center for Educational Performance and Information. The membership blend for most districts and public school academies (PSAs) for FY 2006 is 25% of the February 9, 2005 supplemental count and 75% of the September 28, 2005 pupil count. All of the February 9, 2005 count data are audited. Most of the September 28, 2005 count data are audited as well, as the due date for the September 28, 2005 count audits was March 9, 2006.

### MIDDLE SCHOOL PUPILS IN WORK-BASED LEARNING PROGRAMS

For many years the Department has disallowed counting a state school aid membership (FTE) for middle school pupils in work-based learning programs based on language in the *Administrative Rules Related to Education*. The Department has received several concerns specific to the exclusion of middle school pupils in work-based learning programs. After a review of the issue, the Department has decided to convene a work group to examine work-based learning programs in general. **Until the group's work is complete, the Department will suspend all audit findings that address the restriction prohibiting middle school students from participating in a work-based learning program.** Regardless of the recommendation of the work group, middle school students participating in a work-based learning program will not be disallowed for state school aid count purposes for fiscal year 2005-2006 and fiscal year 2006-2007. This decision was based on numerous contacts from school district and building administrators, legislators, parents, and even pupils. School districts will be represented in the work group. Questions concerning this item may be directed to Dan Hanrahan, Office of State Aid and School Finance, (517) 335-0521 or [HanrahanD@Michigan.gov](mailto:HanrahanD@Michigan.gov).

### WAIVER REQUIRED TO START SCHOOL BEFORE LABOR DAY

Beginning in the 2006-2007 school year, public schools are prohibited from holding classes before Labor Day (MCL 380.1284b). The Department has established a document labeled *Standards for Determining a Bona Fide Year-Round School* to review requests to waive the requirement to start school after Labor Day. The requirement to start school after Labor Day does not apply to districts that are already operating a year-round

school or program or an international baccalaureate academy that provides 1,160 hours of public instruction. If a district is already operating a year-round school, the district must request approval from the Department to establish that the school is a bona fide year-round school. If a district begins operating a year-round school or program after September 29, 2005, the district may apply for a waiver from the requirement to start after Labor Day. The waiver request or request for recognition of an existing year round school must include specific information regarding the school calendar. You can access the *Standards for Determining a Bona Fide Year-Round School* at [www.michigan.gov/mde](http://www.michigan.gov/mde). Select "State Aid and School Finance" under "Programs and Offices." Then, select "Pupil Accounting" under "Resources and Related Info." Please submit your request to Elaine Madigan, Executive Director, Bureau of School Finance and School Law, Michigan Department of Education, P.O. Box 30008, Lansing, Michigan, 48909 or [MadiganE@Michigan.gov](mailto:MadiganE@Michigan.gov).

### **SPECIAL EDUCATION COSTS UPDATED**

Last year, the March payment was calculated with updated special education and special education transportation cost figures for all districts. It now appears that it will be the May payment this year when the costs will be updated. Questions concerning this may be directed to Dianne Easterling, Office of Special Education and Early Intervention Services, (517) 241-4517, or [EasterlingD@Michigan.gov](mailto:EasterlingD@Michigan.gov).

### **TAX INCREMENT FINANCING (TIF) PLANS**

A year ago at this time the Department received data from the Treasury Department that included audited values of Tax Increment Financing (TIF) plans. Those data resulted in significant prior year state school aid adjustments for some districts. TIF plans include Tax Increment Financing Authorities, Local Development Financing Authorities, and Downtown Development Authorities. If your district has a TIF plan in its boundaries that is eligible to capture school operating taxes, it is important that you know the actual amount of school operating taxes that the authority is entitled to "capture" and the amount of taxable value that the county should have reported to the Department as "captured assessed valuation (CAV)." If the CAV reported is too high, the district will be overpaid state school aid. Conversely, if the CAV is reported too low, the district will be underpaid state school aid. The proper amount of CAV to be reported to the Department for a TIF plan capturing taxes from just one school district can be found on Treasury Form 2604, Tax Increment Financing Plan Report for Capture of Property Taxes and State Reimbursement. The Authority should copy the district with this report when it is completed. Districts should pay particular attention to Step 5, lines 24 and 25. Contact Phil Boone, State Aid and School Finance, (517) 335-4059 or [BooneP2@michigan.gov](mailto:BooneP2@michigan.gov) with related questions.

### **FINDING LEGISLATION ON THE WEB**

Each year there are several bills proposed that would affect school districts in one way or another. Some of the bills would, if enacted, affect a district's state school aid. To view the latest version of a pending House Bill (HB) or Senate Bill (SB) on the web go to [www.Michiganlegislature.org](http://www.Michiganlegislature.org). You will be prompted for the bill number. Many bills affecting school districts amend existing language in the State School Aid Act or the Revised School Code. The House Bill or Senate Bill will reprint the whole section of the State School Aid Act or Revised School Code that is being amended, so the bill can be quite lengthy. However, you can focus in on the change in the language, as any language that is being deleted is lined out and any language that is being added is in bold. Once a bill is enacted you can find it at the same website using the Public Act (PA) number.

### **APRIL 2006 MSBO CONFERENCE IN GRAND RAPIDS**

Department staff will be attending and presenting at the annual MSBO conference in Grand Rapids; however, we will not have a booth in the exhibit hall this year. Regardless, there will be plenty of opportunities for you to catch up to us with any questions or concerns that you prefer voicing on an individual basis. Even if you do not have a question or concern, we welcome you to stop us and introduce yourself to us, as it is helpful to put a name with a face. Or, if you are an "old friend," we always enjoy hearing what is new with you as well.

### **GENERAL INFORMATION**

- The 4<sup>th</sup> quarterly count date for **Adult Education** program participants is the 4<sup>th</sup> Wednesday in April, **April 26, 2006**.
- **Single Record Student Database files** for the Supplemental count are due to the **ISD by March 15** and to **CEPI by March 29, 2006**. Dr. Mark Gover, (517) 373-2469 or [GoverM@Michigan.gov](mailto:GoverM@Michigan.gov).
- The **DS-4168B Planned Days and Clock Hours Report** is due April 15, 2006. The report is available on line at [www.Michigan.gov/mde](http://www.Michigan.gov/mde). Click on "keywords" then "State Aid Forms." Joellen Wonsey, (517) 373-3352 or [WonseyJ@Michigan.gov](mailto:WonseyJ@Michigan.gov).

- The per pupil proration factor for the Section 31a - At Risk funding is \$128.3388873423

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\*Do you have questions about the information appearing in this UPDATE? Call the consultants identified above or **Dan Hanrahan, Director, State Aid & School Finance, MDE**, phone: (517) 335-0521, fax: (517) 241-0196, e-mail: [HanrahanD@Michigan.gov](mailto:HanrahanD@Michigan.gov).